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Feasibility and technical studies of two water recirculating systems using two different power sources, solar photovoltaic and fuel generator

Oparaku N. F. and Nnaji C. E.*

National Centre for Energy Research and Development, University of Nigeria, Nsukka, Nigeria.

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Recirculating water systems are designed to minimize or reduce dependence on water exchange and flushing in fish culture units. Water is typically recirculated when there is a specific need to minimize water replacement, to maintain water quality conditions which differ from the supply water, or to compensate for an insufficient water supply. In this work, recirculating system of fish was used in rearing fish which comprised of fish ponds and treatment pond. Submersible pump was powered by solar energy while the electropome pump was powered by generator provided electricity. Simple annual costs analysis as well as net present value (NPV) method were used to compute the profitability. The total fixed cost of using recirculation system with solar powered pump was higher by ₦163, 500.00 while the total variable cost of using recirculation system with generator was higher by ₦244000.00. NPV's recorded were 299607, -66323, -40409 for generator powered system and 1336085, 575047, 626113 for solar powered system at r = 0.1, 0.2, 0.19, respectively. Results also indicated a shorter payback period for solar system. Solar as power source was more profitable than generator despite its high initial capital.

Key words: Recirculating system, solar photovoltaic, fish culture, net present value, financial feasibility, fuel generator.

INTRODUCTION

Recirculating system maximizes water re-use by employing comprehensive water treatment system. Water treatment processes typically are solid removal, infiltration, gas balancing, oxygenation, and disinfection. By addressing each of the key water concern through treatment rather than flushing as is used in flow-through and the partial reuse systems, ultimate control over culture conditions and water quality is provided.

There is growing interest in recirculation aquaculture system (RAS) technology in the world, as a result of perceived advantages over the conventional aquaculture (Emperor Aquatics, 2008; The Fish Site, 2010; Zhang et al., 2011; Food and Water Watch, 2008). Recirculating system can help in reduction of water and land usage. Recirculating system offers a high degree of control over the culture environment and fish biomass can be determined easily and accurately than in biomass. Even though it is capital intensive, claim of impressive yields with year-round production is attracting growing interest from prospective aquaculturists" (Losordo et al., 1998; Poulson, 2013; Rakacy, 2006). To evaluate the profitability of the venture, indicators of investment returns were determined such as net present value (NPV) and internal rate of return (IRR), payback period, (NAERL, 2000) and (Parin and Lupin, 1995). The operation of RAS which are mechanically sophisticated and biologically complex requires education, expertise and dedication (Duning et al., 1998). Many commercial

*Corresponding author. E-mail: chibueze.nnaji@unn.edu.ng, Tel: +234(0)8030967563.

RAS have failed because of component failure due to poor design and inferior management (Masser et al., 1999; Sioux Indian Reservation, 2006). Good knowledge of the design of the system, specification of the technical components and operation of the system is therefore a prerequisite for a sustainable RAS farm. The water treatment process could increase operation costs and failure of the treatment system would result in huge economics losses (Summerfelt et al., 2001). Therefore, the aspect of economic feasibility has to be taken into consideration before embarking on the system. Generally, a feasibility study is conducted during the planning stage prior to obtaining approval for funds or financing of a project. The study analyzes and assesses feasibility of using solar photovoltaic and generator that uses fuel. Financial feasibility and other factors that could influence the sustainability of the project. It is important to critically evaluate the outcome or conclusions of a feasibility study. A good study may uncover alternatives and save significant time and money for the stakeholder of the project. The aims and objectives were to analyze the profitability of recirculating systems powered with generator and electricity and technical feasibility of the project.

MATERIALS AND METHODS

The project was carried out between January, 2009 and December, 2009 at the National Centre for Energy research and Development, University of Nigeria Nsukka. Nsukka is located at 6.9°N and 7.4°E and 445 m above sea level.

Treatment tank installation

Procurements of biofilters namely bioblocks, biobrush, Maifan stones, coral sand, ceramic ring, activated charcoal and Ultra Violet (UV) light were used for this study. They were arranged inside the treatment tank in the following order:

Biobrush ⟶ Bioblock ⟶ Maifan stones ⟶ Coral sands ⟶ Ceramic ring and Activated Charcoal ⟶ UV light (the arrows shows the order of arrangement of the compartments of the treatment tank)

The dimensions of treatment tank which was constructed with concrete are (3.4 × 1×1.5) m. There were four compartments in the water treatment tank each measuring (1× 0.6 ×1.25) m. The first compartment contains the biobrush, the second has bioblocks, the third contains maifan stones, coral sands, ceramic ring and activated charcoal, finally the last chamber houses the UV fluorescent tube which was placed at close proximity to the water surface but was not immersed in the water. Two pumps, Interdab electropome Jet 100 M 1horse power pump and Grundfos KPBasic 300A submersible pump were procured at Onitsha and Lagos respectively. Interdab electropome Jet 100 M uses electricity while Grundfos submerssible pump was powered by solar modules (photovoltaic) to ensure constant power supply and to serve as comparative between electric and solar energy. The quantity of water pumped by both pumps is 50 L/min at the depth of 1.25 m. Air stone aerator supply oxygen constantly to the ponds. Ceramic rings - surface area 1200 m^2/L and weighing 10 kg, bamboo carbon (activated carbon) - surface area 1200 m^2/L and weighing 10 kg were purchased at Kingdom Aquarium and fisheries Ltd. Lagos, Nigeria. Two overhead plastic tanks, volume 1000 L each were procured at Onitsha for water storage.

Treatment process

Water from the overhead tank (Inlet water) entered the pond where fishes are kept and then flowed into the treatment tank as waste water. As waste water flowed through biobrush, bioblocks, maifan stone, coral sand, ceramic ring and activated carbon it is filtered. Solar powered pump water and electric powered pump water were then collected. Water lastly flowed into the UV light compartment where it was disinfected (UV treated water). After the waste water had passed through the treatment tank, the treated water was air lifted into the culture tank for use by the fish and recirculated back again into the filter again for purification.

Methods of estimating profitability of recirculating systems

The methods used for evaluating profitability were the following: Rate of return on the original investment (i_{ROI}), Present-worth (PW), Net Present Value and Pay out time (n_R) (Parin and Lupin, 1995).

Rate of return on the original investment (i_{ROI})

The annual net profit divided by total initial investment represents the fraction which, when multiplied by 100, is known as the percentage return on investment. The procedure used was to find the return on total original investment, with the value of the average net profit being the numerator and thus, the rate of return on the original investment, i_{ROI} =

$$NP_a = \frac{1}{n} \times \sum_{j=1}^{n} NP_j = \frac{\boldsymbol{NPa}}{\mathbf{It}}$$

Np_a = annual net profit , I_t = total initial investment.

Present-worth (PW)

This method compared the present-worth (PW) of all the cash flows with the original investment. It assumed equal opportunities for re-investment of the cash flows at a pre-assigned interest rate.

$$PW = \sum_{j=1}^{n} \frac{CF_j}{(1+i)^j} - I_T \quad , \quad PW' = \frac{\sum_{j=1}^{n} \frac{CF_j}{(1+i)^j}}{I_T}$$

Where, CF = cash flow; I_T = initial Investment; i = interest rate.

Net present value

The net present value (NPV) of a project is the difference between the sum of the discounted cash flows which are expected from the investment and the amount which is initially invested. A trial and error method was used to establish the interest rate to be applied to the cash flow each year, such that the original investment would be reduced to zero (or salvage value, plus land, plus working capital) during the useful life of the project. Internal rate of return, r, is calculated by trial and error:

DCFRR = IRR = r,

Table 1. Description of fixed and variable investment of using recirculating system with solar photovoltaics.

S/N	Description of fixed Investment	Unit cost	Price	Variable investment	Cost
1	Pond Construction	150,000	N150,000		
2.	Treatment Tank Construction	N80,000.00	N80,000.00	Cost of paying a labourer every month (N10000.00 a month)	N120000.00
3.	Plumping materials and connections cost	N58,000	N58,000	3500 Fingerlings at N200 each	N70,000.00
4.	Electric wiring of the pond	-	N5,000		
5.	Cost of Roofing for air pump mounting		N50,000.00	Cost of rearing a fish for 1 year- N200 x 3500	N700,000.00
6.	Grundfos water pump	N36,000.00	N36,000.00		
7.	4 Panels (100 Amps)	N55,000.00	N210,000		
8.	Charge Controller	N18,000.00	N18,000.00		
9.	Stand for the Panels	N7,000.00	N7,000.00	Annual servicing cost	N5000.00
10.	Inverter	N55,000.00	N55,000.00		
11.	UV Flourescent Tube	N36,000.00	N36,000.00		
12.	Oxygen Pump with (air stones)	N49,000.00	N49,000.00	Miscellanous	20,000.00
13.	Biobrush (4)	N1,500.00	N6,000.00		
14	Bioblocks	N27,000.00	N27,000.00	**Total variable**	**N915,000.00**
15.	Hand net for scoping the fish out of the pond	N4,000.00	N8,000.00		
16	Booth & Polythene Trouser	N10,000.00	N10,000.00		
17.	Water analysis kit	N40,00.00	N40,000.00		
18.	2 Battery (12v)	N25,000	N50,000.00		
19.	Ground Artermia (one tin)	N9,000.00	N9,000.00		
20.	Grinding mill(3Horse power)		N55,000.00		
21.	20 packets of Coral Sands (1000 g)	N1,000.00	N20,000		
22.	20 packets of activated carbon(500 g)	N1,000.00	N20,000		
	Total fixed Cost		N1059,000.00		
	Total Cost		N1974000.00		

where $$\sum_{j=1}^{n} \frac{CF_j}{(1+r)^j} - I_T = 0$$

NPV typically is calculated over a specific time period of interest, e.g., 3 or 5 years. If the project NPV is greater than zero, the project is considered to be profitable over that time period. If the project NPV is less than zero, the project is considered to be not profitable over that time period.

Pay out time/Payback period

This method focus on recovering the cost of investment. Pay out time represents the amount of time that it takes for a capital budgeting project to recover its initial costs pay out time, in years = Fixed depreciable investment / (average profit/year) +(average depreciation/year).

$$Average \cdot Cash \cdot Flow = CF_a = \frac{1}{n} \times \sum_{j=1}^{n} CF_j \quad Pay \cdot out \cdot time, n_R = \frac{I_F}{CF_a}$$

I_F= Fixed depreciable Investment; C_F = average profit/year; a= average depreciation/year.

RESULTS

Methods of estimating profitability of recirculating systems

Total Cost =Total Fixed Cost (TFC) + Total Variable Cost (TVC)
Total Cost = N1059, 000.00 + N915,000.00 = N1974 000.00 (Table 1)
Total revenue= (price of 1 mature fish=N400 × 3500) = N1, 400,000.00
Annual- profit= TR-TVC = N I, 400,000 – N915, 000 = N485, 000.00

Annual cost analysis

Total Cost =Total Fixed Cost (TFC) + Total Variable Cost (TVC).
Total Cost = N895, 500.00 + N1,159, 000.00 = N2054,500 (Table 2).
Total revenue= (price of 1 mature fish=N400 × 3500) = N1, 400,000.00.

Table 2. Description of Fixed and variable Investment of using recirculating system with generator.

1.	Pond Construction (3)	N150,000	Variable Investment	Costs
2.	Treatment Tank Construction	N80,000.00	3500 Fingerlings at N20 each	N70,000.00
3.	Plumbing materials and Connection Cost	N58,000.00	Cost of rearing a fish for 1 year N200 × 3500	N700,000.00
4.	Wiring of the pond	N5,000.00	Cost of Paying a labourer per month(N10000.00) for 1 year	N120000.00
5	Cost of Roofing for air pump	N50,000.00		
6	Electric Pump	N26,000.00	Cost of fuel for 1 month N19500 (30 × 650).	N234000.00
7.	2 Generators (model 2700)	N 70,000.00		
8	UV Flourescebt Tube	N36,000.00	Cost of oil filter, oil, fuel filter, after every 600 hrs of operation (7 times a year) for a sduty cycle of 12 h / day	N 10, 000.00
9	Bioblocks (1 cubic metre)	N27,000.00		
10	4 Biobru	N6,000	Annual inspection and servicing cost	N 5000. 00
11.	Cost of 10 Brood Stocks	N10,000.00		
12.	Cost of Ovaprim	N3,500.00	Miscellanous	N20,000.00
13	Oxygen Pump with Air stones	N49,000.00	**Total variable cost**	**N1,159,000.00**
14.	Hand Net	N 8000.00		
15.	Bo oth and Polythene Trouser	N10,000.00		
16.	Pelleting machine	N104,000.00		
17.	Water kit Analysis	N40,000.00		
18.	Cost of ground Artermia (one tin)	N8,000.00		
19.	Grinding machine	N55,000.00	**Total Cost**	**N2,054,500.00**
	Filter Media	N20,000		
20.	20 packets of Maifan Stones	N20,000		
	20 Ceramic Rings	N20,000.00		
21	20 packets of Coral sands	N 20,000.00		
22	20 packets 0f bamboo (activated charcoal)	N20,000.00		
	Total fixed cost	**N 895500.00**		

Annual profit = TR-TVC =N 1, 400,000 – N1,159,000 = N241, 000.00
(i) The total fixed cost of using recirculation system with solar powered pump is higher by (N1059, 000.00 – N895, 500.00) =N163, 500.00
(ii) The total variable cost of using recirculation system with generator is higher by (N1159000.00 – N915, 000.00) = N244000.00 (cost of fuel for 1 year) (Table 2).

Decision

Adopting any of the recirculation system is profitable. However, it is more profitable to adopt recirculation system with solar powered pump since the 1 year variable cost (raw materials + labour) was lowered by N244, 000.00. The cost of a generator (model 2700) was N35000 (Table 3), salvage value of generator was N10, 000 while the useful life was put at 5 years, depreciation

Table 3. Statement of sources and application of funds for a for a recirculating system using generator.

Activity	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Capital	N2,054,500									
Working capital	N1159,000									
Applications										
Fixed investment	N895500.00									
variable cost	1159000.00	1159000	1159000	1159000.00	1159000	1159000	1159000.00	1159000	1159000	1159000
Total revenue	1,400,000	1400,000	1400,000	1400,000	1400,000	1,400,000	1400,000	1,400,000	1400,000	1400,000
Costs of production	1159000	1159000	1159000	1159000	1159000	1159000	1159000	1159000	1159000	1159000
Annual profit	241,000	241000	241000	241000	241000	241,000	241000	241000	241000	241000
Minus 10% tax	48200	48200	48200	48200	48200	48200	48200	48200	48200	48200
Net profit	192800	192800	192800	192800	192800	192800	192800	192800	192800	192800
Plus depreciation	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Cash flow	197800	197800	197800	197800	197800	197800	197800	197800	197800	197800

value was N5000.00. The salvage value of solar panels was N15000.00 and useful life was 25 years, depreciation was put at N6, 400.00. A tax assumed to be levied on the fish produced was 20% per annum and was deducted from the annual gross profit. Operating costs include fixed costs and variable costs. Fixed costs are associated with the long-term operation of a catfish farm. Examples include: taxes (on property), insurance, depreciation, interest, amortization payments (for repayment of borrowed money). These costs are often overlooked but must be considered in assessing the financial situation of a catfish farm. Variable costs are the costs that vary with the size of the catfish farm or the number of ponds being stocked. Larger farms (or stocking more ponds) have much greater total variable production costs than smaller farms. Examples include: feeds, seed/fingerlings, fuel and/or power, chemicals, fertilizers, harvesting costs, and labour. Expected returns include the money that the catfish farmer receives from the sale of catfish. Profit is the most important return and is determined by subtracting the costs of production from the amount received when the catfish are sold. (Note: start-up costs, annual fixed costs, and variable production costs must all be used in calculating production costs). Returns from catfish farming may be reported as “gross” or “net” returns –the distinction between the two is important.

Gross return refers to the total amount of money received for the catfish that are sold. Not much consideration is given to how much it cost to produce the crop. Gross return is calculated by multiplying the total number of kilograms sold by the price received per kilogram for the fish. Net return refers to the total amount of money remaining after all costs of production have been subtracted from gross returns. Net return is also known as profit.

It is a more important measure of a catfish farm than gross return. Net return also reflects on the efficiency of the catfish farm. These costs and returns were summarized in table form (Tables 3 and 4).

Rate of return on the original investment

The percentage return on original investment for recirculating system that uses solar photovoltaic was 36.6% while that of generator was 21.5% the time value of money was not considered, since only the average profit was used, not its timing. Recirculating system with solar is the best in terms of profitability because the value of rate of return on original investment was greater than values in the generator. The profits from years 1 through 10 could be reversed and the return on original investment would be the same.

The present-worth

The present-worth and the PW' relationship for the recirculating system was calculated by applying a rate of i = 15% per year in equation, the following results were obtained for generator powered recirculating system: The result for the present worth was N3713 and photovoltaic was

Table 4. Statement of sources and application of funds for a recirculating system using photovoltaics as power source.

Activity	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Capital	N1,974,000									
Working capital	N915,000									
Applications										
Fixed investment	N1,059,000									
Variable costs	915,000	915,000	915,000	915000	915,000	915,000	915,000	915,000	915,000	915,000
New battery procurement after three years				50,000						
Total Revenue	1,400,000	1400,000	1400,000	1400,000	1400,000	1,400,000	1400,000	1,400,000	1400,000	1400000
Costs of production	915,000	915,000	915,000	965,000	915,000	915,000	915000	915,000	915000	915000
Annual Gross profit	485,000	485000	485000	435000	485000	485000	485000	485000	485000	485000
Minus 10% tax	97000	97000	97000	97000	97000	97000	97000	97000	97000	97000
Net profit	388,000	388,000	388,000	348,000	388,000	388,000	388,000	388,000	388,000	388,000
Plus depreciation	6400	6400	6400	64000	6400	6400	6400	6400	6400	6400
Cash flow	394400	394400	394400	354400	394400	394400	394400	394400	394400	394400

N8146296. At the end of ten years, the cash flow to the project, compounded on the basis of end-of-year income, will be: for generator empowered recirculating system, F = N93303 For photovoltaics empowered recirculating system; F = N8146296 . The relationship between the present-worth of the annual cash flow and the total capital investment for generator was PW' = 988803/ 895500 = 1.1042, for photovoltaics was PW' = $8146296 / 1059000 =$ 7.692.

Net present value (NPV)

Net present values recorded were 299607, -663232, -40409 at r = 0.1, 0.2, 0.19, respectively for the generator powered recirculating system. NPV values for photovoltaics powered recirculating system were as follows 1336085, 575047, 626113 at r = 0.1, 0.2 and 0.19, respectively. Net present values recorded were positive for photovoltaic systems while it is positive at r =0.1 in generator powered system (Tables 5 and 6).

However, solar as power source was more profitable than generator. It is the present value of future net cash inflows minus the initial capital cost. Each year's net cash flows can be reduced by the present value by multiplying it by $\frac{1}{(1+r)}$ where r = interest and n is the year considered. This process is known as discounting. The present values of all the annual net cash flows can then be summed up to give the total present value. If the initial investment is subtracted from the total present value, the result is called the net present value (NPV).

Discounted cash flow rate of return

The values calculated for r = 0.15 and 0.2, respectively for photovoltaic and generator, the resulting rate of return calculated (Figures 1 and 2) was equivalent to the maximum interest rate that could be paid to obtain the necessary funds to finance the investment and completely paid back by the end of the useful life of the project. The interpolation to determine the correct value of r was done by plotting the relationship between the original investment and the total present-worth as a function of r, as is shown in Figures 3 and 4.

Planning farm operations

The profitably model was used to plan the cash flows over the 10 year planning horizon. The investment and finance schedule indicated how much finance the farmer needed (equity plus loan), interests, repayment and depreciation (depreciation needed for tax calculation). The operations statement showed the net profits after

Table 5. Calculation of internal rate of return for the recirculating system of fish pond powered by generator.

Year (m)	Cash flow (Naira) d_m	Trial for r = 0.1		Trial for r = 0.2		r = 0. 19	
		Factor	Present-worth (Naira)	Factor d_m	Present-worth (Naira)	Factor d_m	Present-worth (Naira)
0	(895500)						
1	197800	0.909	178020	0.833	164767	0.840	166152
2	197800	0.826	163383	0.694	137273	0.705	139449
3	197800	0.751	148548	0.579	114526	0.592	117098
4	197800	0.683	135097	0.482	95340	0.497	98307
5	197800	0.621	122834	0.402	79515	0.417	82483
6	197800	0.564	111559	0.335	66263	0.350	69230
7	197800	0.513	101471	0.279	55186	0.294	58153
8	197800	0.466	92175	0.232	45890	0.247	48857
9	197800	0.424	83667	0.194	38373	0.207	40945
10	197800	0.385	76153	0.162	32044	0.174	34417
Total			1195107		829177		855091
Relationship = Total present-worth / Original investment			$\frac{1195107}{895500}$ =1.3346		$\frac{829177}{895500} = 0.9260$		$\frac{855091}{895500}$ =0.9549
NPV			299607		-66323		-40409

Table 6. Calculation of internal rate of return for the recirculating system powered by photovoltaic solar system.

Year (m)	Cash flow (Naira) d_m	Trial for r = 0.1		Trial for r = 0.2		r = 0. 19	
		Factor	Present-worth (Naira)	Factor d_m	Present-worth (Naira)	Factor d_m	Present-worth (Naira)
0	(1059000)						
1	394400	0.909	358510	0.833	328535	0.840	331296
2	394400	0.826	325774	0.694	273714	0.705	278052
3	394400	0.751	296194	0.579	228358	0.592	233485
4	354400	0.683	242055	0.482	170821	0.497	176137
5	394400	0.621	244922	0.402	158549	0.417	164465
6	394400	0.564	222442	0.335	132124	0.350	138040
7	394400	0.513	202237	0.279	110038	0.294	115954
8	394400	0.466	183791	0.232	91501	0.247	97417
9	394400	0.424	167226	0.194	76514	0.207	81641
10	394400	0.385	151844	0.162	63893	0.174	68626
Total			2395085		1634047		1685113
Relationship = Total present-worth / Original investment			$\frac{2395085}{1059000}$ = 2.262		$\frac{1634047}{1059000}$ = = 1.543		$\frac{1685113}{1059000} = 1.591$
NPV			1336085		575047		626113

subtracting the costs from the revenue. The cash flow statement indicated the surplus (losses and /or gains) over the 10 year period. Also, the cash flow indicated how much of the loan could be repaid and during what period in the years of production. The balance sheet was used to keep track of the accounting of the farm. The profitability measurements showed how the cash flows could be used in the calculations of NPV and the IRR.

It should be noted that besides serving as a decision support tool for investment analysis, the profitability model can be used during operations as a planning tool year by year. The balance sheet reflected the assets and liabilities during the operations. Profitability measurements, IRR and financial ratios indicated the

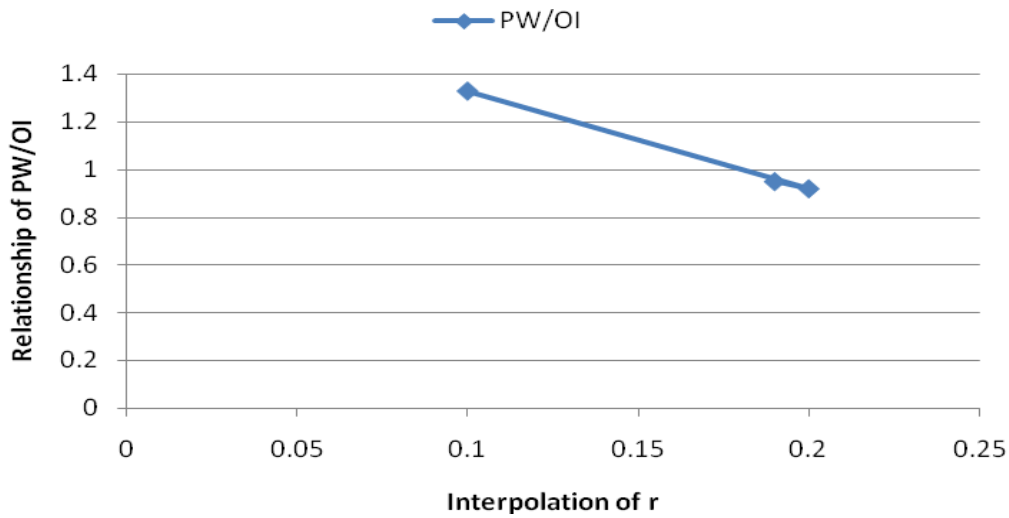

Figure 1. The relationship of PW/ O I and r in recirculating system powered with generator.

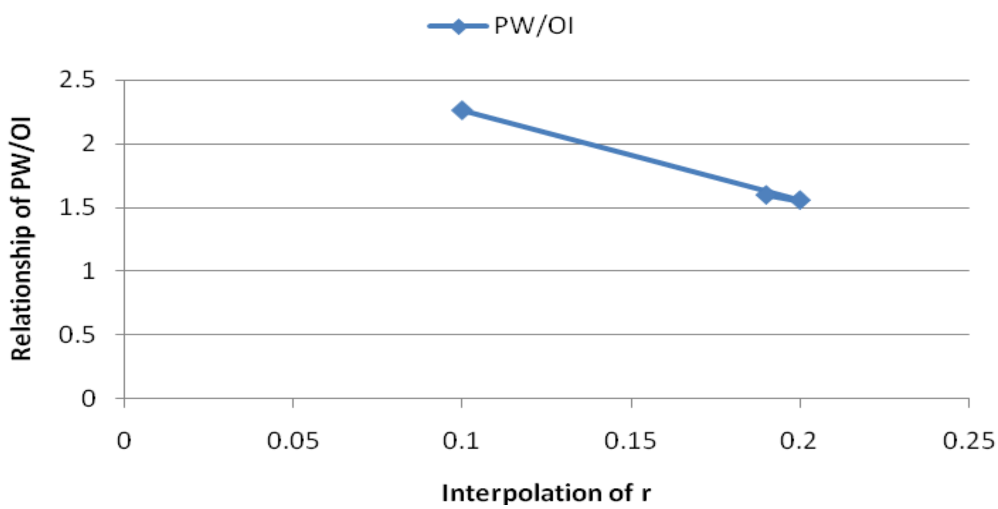

Figure 2. The relationship of PW / OI and r in recirculating system powered with photovoltaic.

feasibility of the venture over the years.

Pay time

Pay time for generator and solar photovoltaic were 4.53 and 2.69 years as calculated from the equation and can be determined by plotting the graph of accumulated cash against years (Tables 7 and 8). Tables 7 and 8 show accumulated cash flows for the recirculating system that was powered by generator and photovoltaic as power source. The cash flow accumulated, moving from negative to positive, and when the project ends, the capital invested in current assets and land would be recovered, resulting in a positive final cash flow. The cash flow was negative for 0 to 4th year for the recirculating system that was powered by generator and was only negative in 0-2nd year for the recirculating system that was powered by photovoltaic. This is an indication of the success of the venture since the accumulated cash flow was consistently positive after the 2nd year and 4th year in photovoltaic and generator system respectively.

DISCUSSIONS

To evaluate the profitability of the venture, indicators of investment returns were determined such as NPV, IRR and payback period (NAERL, 2000; Parin and Lupin,

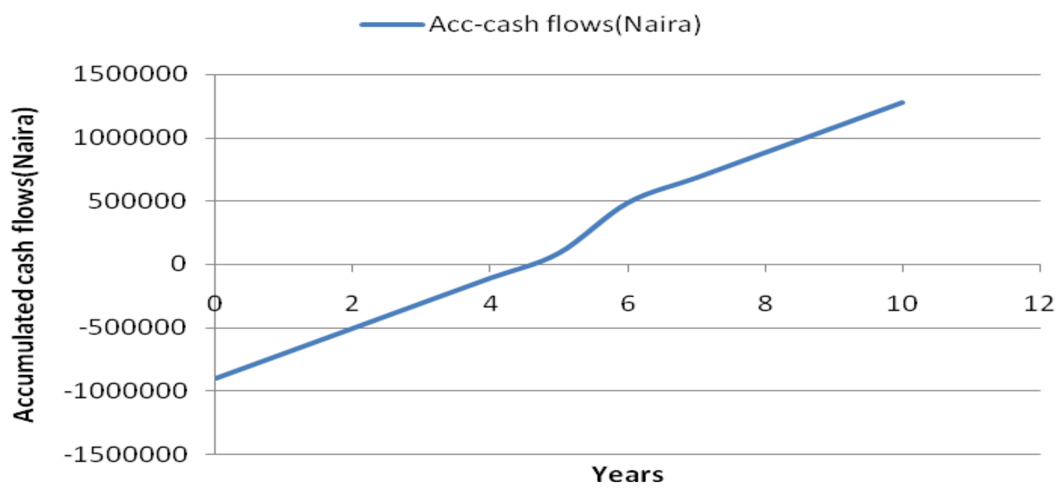

Figure 3. Accumulated Cash flow in generator powered recirculating system.

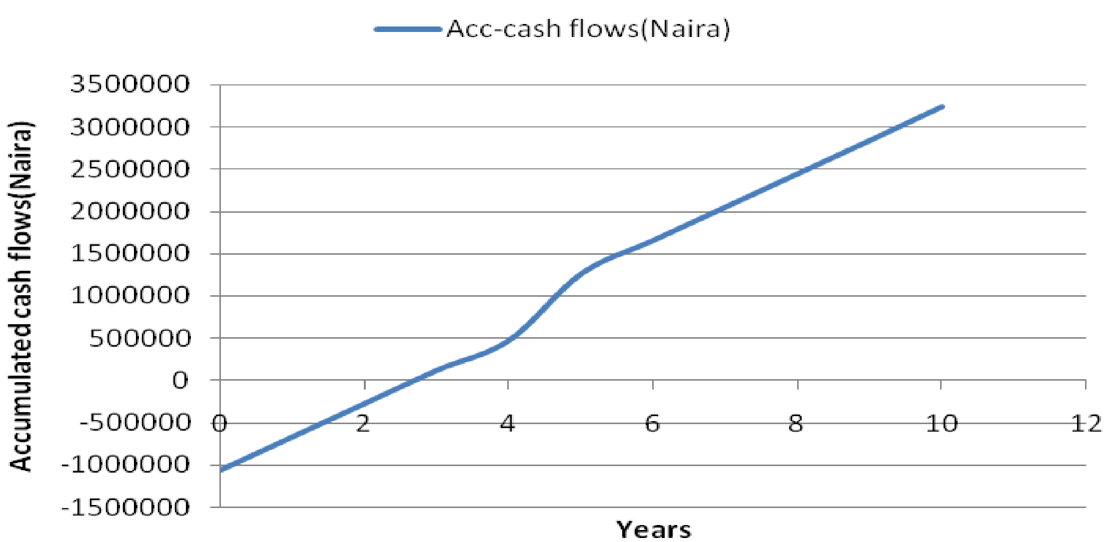

Figure 4. Accumulated Cash flow in recirculating system power with photovoltaic solar system.

Table 7. Accumulated cash flows for the recirculating system that uses generator as power source.

Years	Cash flow (Naira)	Accumulated cash flow (Naira)
0	-895500	-895500
1	197800	-697700
2	197800	-499900
3	197800	-302100
4	197800	-104300
5	197800	93500
6	197800	489100
7	197800	686900
8	197800	884700
9	197800	1082500
10	197800	1280300

Table 8. Accumulated cash flows for the recirculating system powered with photovoltaic.

Years	Cash flow (Naira)	Accumulated cash flow (Naira)
0	-1059000	-1059000
1	394400	-664600
2	394400	-270200
3	394400	124200
4	354400	478600
5	394400	1267400
6	394400	1661800
7	394400	2056200
8	394400	2450600
9	394400	2845000
10	399400	3244400

1995). The results obtained indicated positive NPV's in photovoltaic powered recirculating system and positive NPV in generator powered system where r = 0.1 while r = 0.2 and 0.19 recorded negative values of NPV. Key factors which affect profitability of operations in fish plants are generally cost and quality of raw material and the yield from processing, as long as the raw material is available and the market for the resulting products is stable (Parin and Lupin, 1995). The result of IRR and a payback period of 2.69 and 4.53 years obtained for photovoltaic and generator respectively were within the range that would be acceptable and profitable. Reduction in payback period is better in photovoltaic system because the project was able to recoup the original investment within a shorter period. Positive values of NPV as well as higher values of IRR in recirculating system powered with solar and reduced payback period are all indications that solar is a better option than generator despite its high initial capital investment. The methodology developed here can easily be adapted to evaluate any type of investment for instance fish farming enterprises of other species or fishery operations.

The challenge to designers of recirculating systems is to maximize production capacity of capital invested through employing the use of efficient energy sources to power the systems. Components should be designed and integrated into the complete system or existing fish ponds to reduce cost while maintaining or even improving reliability. There are many alternative technologies for each process and operation. The selection of a particular technology depends upon the species being reared, production site infrastructure, production management expertise, and other factors. Prospective users of recirculating aquaculture production systems need to know about the required water treatment processes, the components available for each process, and the technology behind each component. A recirculating system maintains an excellent cultural environment while providing adequate feed for optimal growth.

Conclusion

The result of IRR and a payback period of 2.69 and 4.53 years obtained for photovoltaic and generator, respectively were within the range that would be acceptable and profitable. Reduction in payback period is good because the project was able to recoup the original investment within a shorter period. Positive values of NPV as well as higher values of IRR in recirculating system powered with solar and reduced payback period are all indications that solar is a better option than generator despite its high initial capital. Further, it is anticipated that a successful and vibrant small scale recirculating system powered with solar could trigger a commercial recirculating system in the country. In addition, the small scale farmers might grow in capital and knowledge and transform themselves into medium and eventually large scale farmers.

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